APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/037,430	10/25/2001	Mark J. Smith	1117.001US1	7166

7590   04/23/2003

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EXAMINER
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ART UNIT	PAPER NUMBER
3628	

DATE MAILED: 04/23/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

PTO-90C (Rev. 07-01)

	Application No.	Applicant(s)
Office Action Summary	10/037,430	SMITH, MARK J.
	Examiner	Art Unit
	Clement B Graham	3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☐ Responsive to communication(s) filed on <u>25 October 2001</u> .

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) <u>1-25</u> is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) <u>1-25</u> is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11)☐ The proposed drawing correction filed on _____ is: a)☐ approved b)☐ disapproved by the Examiner.

    If approved, corrected drawings are required in reply to this Office action.

12)☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

13)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____ .

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

14)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

    a) ☐ The translation of the foreign language provisional application has been received.

15)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)
2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3)☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>3</u> .

4)☐ Interview Summary (PTO-413) Paper No(s). _____ .
5)☐ Notice of Informal Patent Application (PTO-152)
6)☐ Other: .

DETAILED ACTION

Claim Rejections - 35 USC § 103

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosesd or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

2. Claims 1-25, are rejected under 35 U.S.C. 103(a) as being unpatentable over Meyer et al(Meyer Hereinafter U.S. Patent No. 6,330,541) in view of Tyler et al (Tyler Hereinafter U.S. Patent No. 5, 523, 942).

As per claim 1-2, 7, Meyer discloses a computer readable medium having computer executable instructions for performing a method for engineering and managing a financial product, the method comprising:

calculating a first death benefit value, wherein the first death benefit value includes a selected death benefit value for payment to a beneficiary of an insurance policy and a calculating a second death benefit value. (Note abstract and column 1 lines 15-20 and column 2 lines 20-65 and column 3 lines 5-15). Meyer do not explicitly teach wherein the second death benefit component is calculated based on a loan value added to an interest formula value, wherein the interest formula value includes an outstanding loan value multiplied by a selected interest rate percentage, and adding the second death benefit value to the first death value component to produce the total death benefit value.

However Tyler discloses wherein the second death benefit component is calculated based on a loan value added to an interest formula value, wherein the interest formula value includes an outstanding loan value multiplied by a selected interest rate percentage; and adding the second death benefit value to the first death value component to produce the total death benefit value. (See column 5 lines 10-15 and column 38 lines 25-35 and column 77 lines 60-65 and column 78 lines 5-25 column 10-16 lines 5-65 and column 2-4 lines 5-65). It would have been to one of ordinary skill in the art at the time the invention was made to modify the teachings of Meyer to include Tyler in order to create a system to calculate a first death benefit value, wherein the first death benefit value includes a selected death benefit value for payment to a beneficiary of an insurance policy and wherein a second death benefit component is calculated based on a loan value added to an interest formula value. The benefit would have been to pay benefits to a death a survival.

As per claim 3-5, Meyer discloses the computer readable medium wherein the method further includes storing the total death benefit value in a storage device, maintaining a database including a balance sheet data structure, wherein an asset side of the balance sheet includes a data set of cash values in the insurance policy, and wherein a liability side of the balance sheet includes the outstanding loan value which equals the second death benefit value; and calculating an asset to liability ratio by comparing the asset side to the liability side, and wherein the asset side of the balance sheet further includes a data set of additional collateral value.(See column 6 lines 40-50 and column 2 lines 20-50 and column 14 lines 30-40).

As per claim 6. Meyer do not explicitly teach wherein the method further includes signaling a triggering event when the asset to liability ratio is below a predetermined ratio. However Tyler discloses signaling a triggering event when the asset to liability ratio is below a predetermined ratio. (See column 2-4 lines 5-65). It would have been obvious to one of ordinary skill in the art at the time the invention was made that the teaching of Meyer modify to include Tyler could have perform the functions of detecting when the asset to liability ratio is below a predetermined ratio. The benefit would have been to determine changes in assets values.

As per claim 8, Meyer do not explicitly teach wherein signaling a triggering event when the status value represents a mortality event further includes:

directing an allocation of the of the second death benefit value to a repayment of the outstanding loan value;

removing the second death benefit value from the liability side of the balance sheet data structure; and directing an allocation of the first death benefit value for payment to the beneficiary of the insurance policy. However Tyler discloses signaling a triggering event when the status value represents a mortality event further includes, directing an allocation of the of the second death benefit value to a repayment of the outstanding loan value removing the second death benefit value from the liability side of the balance sheet data structure; and directing an allocation of the first death benefit value for payment to the beneficiary of the insurance policy. (See column 2-4 lines 5-65). It would have been obvious to one of ordinary skill in the art at the time the invention was made that the teaching of Meyer modify to include Tyler could have a signal triggering event

when the status value represents a mortality event further includes, directing an

allocation of the of the second death benefit value to a repayment of the outstanding

loan value. The benefit would have been document a change in status value that

represents a morality.

As per claim 9-10,   Meyer disclose a computer readable medium having

computer executable instructions for performing a method for engineering and

managing a financial product, the method comprising:

calculating a first death benefit value, wherein the first death benefit value includes a

selected death benefit value for payment to a beneficiary of an insurance policy and a

calculating a second death benefit value. (Note abstract and column 1 lines 15-20 and

column 2 lines 20-65 column 3 lines 5-15). Meyer do not explicitly teach wherein the

second death benefit component is calculated based on a loan value added to an

interest formula value, wherein the interest formula value includes an outstanding loan

value multiplied by a selected interest rate percentage, and adding the second death

benefit value to the first death value component to produce the total death benefit value.

However Tyler discloses wherein the second death benefit component is calculated

based on a loan value added to an interest formula value, wherein the interest formula

value includes an outstanding loan value multiplied by a selected interest rate

percentage; and adding the second death benefit value to the first death value

component to produce the total death benefit value. (See column 5 lines 10-15 and

column 38 lines 25-35 and column 77 lines 60-65 and column 78 lines 5-25 column 10-

16 lines 5-65). It would have been to one of ordinary skill in the art at the time the

invention was made to modify the teachings of Meyer to include Tyler in order to create

a system to calculate a first death benefit value, wherein the first death benefit value

includes a selected death benefit value for payment to a beneficiary of an insurance

policy and wherein a second death benefit component is calculated based on a loan

value added to an interest formula value. The benefit would have been to pay benefits

to a death a survival.

As per claim 11-12, 16-18, Meyer discloses a computer readable medium having

computer executable instructions for performing a method for engineering and

managing a financial product, the method comprising:

calculating a first death benefit value, wherein the first death benefit value includes a

selected death benefit value for payment to a beneficiary of an insurance policy. (Note

abstract and column 1 lines 15-20 and column 2 lines 20-65 column 3 lines 5-15).

Meyer do not explicitly teach calculating a second death benefit value, wherein the

second death benefit value is calculated based on a loan value added to an interest

formula value, wherein the interest formula value includes an outstanding loan value

multiplied by a selected interest rate percentage adding the second death benefit value

to the first death value component to produce the total death benefit value;

recalculating the second death benefit component based on a number of subsequent

loan values, such that the total death benefit value gradually increases as the second

death benefit value increases maintaining a database including a balance sheet data

structure, wherein an asset side of the balance sheet includes a data set of cash values

in the insurance policy, and wherein a liability side of the balance sheet includes the

second death benefit value, and calculating an asset to liability ratio by comparing the

asset side to the liability side. However Tyler discloses calculating a second death

benefit value, wherein the second death benefit value is calculated based on a loan

value added to an interest formula value, wherein the interest formula value includes an

outstanding loan value multiplied by a selected interest rate percentage adding the

second death benefit value to the first death value component to produce the total death

benefit value recalculating the second death benefit component based on a number of

subsequent loan values, such that the total death benefit value gradually increases as

the second death benefit value increases. (See column 5 lines 10-15 and column 38

lines 25-35 and column 77 lines 60-65 and column 78 lines 5-25 column 10-16 lines 5-

65 and column 2-4 lines 5-65). It would have been obvious to one of ordinary skill in the

art at the time the invention was made to combine the teachings of Meyer to include

Tyler in order to create a system that can manage financial products. The benefit would

have been to compensate the beneficiary of an insurance death benefit value.

As per claim 13, Meyer discloses the computer readable medium of claim 11,

wherein the method further includes performing a profit analysis, wherein performing the

profit analysis includes:

calculating a lending profit, wherein calculating a lending profit includes: calculating a

loan value cost; and subtracting the loan value cost from the interest formula value;

and calculating an insurance policy profit; wherein calculating an insurance policy profit

includes: calculating a cost for issuing and maintaining the insurance, policy subtracting

the cost for issuing and maintaining the insurance policy from a forecasted return value,

and performing a comparison analysis between the lending profit and the insurance policy profit.(See column 10 lines 30-65 and column 11 lines 5-65 and column 13-14 lines 5-50).

As per claim 14, Meyer do not explicitly teach wherein the method further includes signaling a triggering event when the asset to liability ratio is below a predetermined ratio. However Tyler discloses signaling a triggering event when the asset to liability ratio is below a predetermined ratio. (See column 2-4 lines 5-65). It would have been obvious to one of ordinary skill in the art at the time the invention was made that the teaching of Meyer modify the include could have perform the functions of detecting when the asset to liability ratio is below a predetermined ratio. The benefit would have been to determine changes in assets values.

As per claim 15. Meyer do not explicitly teach the computer readable medium of claim 14, wherein signaling a triggering event when the asset to liability ratio is below a predetermined ratio includes:

directing an allocation of the cash values in the insurance policy to a repayment of the outstanding loan value;

removing the data set of cash values from the asset side of the balance sheet data structure; and removing the second death benefit value from the liability side of the balance sheet data structure. However Tyler discloses wherein signaling a triggering event when the asset to liability ratio is below a predetermined ratio includes,

directing an allocation of the cash values in the insurance policy to a repayment of the outstanding loan value, removing the data set of cash values from the asset side of the

balance sheet data structure; and removing the second death benefit value from the liability side of the balance sheet data structure. (See column 2-4 lines 5-65). It would have been obvious to one of ordinary skill in the art at the time the invention was made that the teaching of Meyer modify to include Tyler could have a signal triggering event when the asset to liability ratio is below a predetermined ratio. The benefit would have been document a changes in the liability ratio is below a predetermined ratio.

As per claim 19. Meyer discloses teach the computer readable medium of claim 17 or 18, wherein the method further includes:

tracking a number of disbursements from the pool of cash assets;   tracking a future obligation of the finance company;

allocating a number of disbursements from the pool of assets to a number of investors, wherein the number of investors are arranged in a database, and the number of investors in the database are structured according to a number of sequential, durationally termed tranches; and allocating a return on investment from the number of guaranteed investment contracts to the future obligation of the finance company.(See column 13-14 lines 5-50).

As per claim 20-, Meyer discloses a computer readable medium having computer executable instructions for performing a method for engineering and managing a financial product, the method comprising:

calculating a first death benefit value, wherein the first death benefit value includes a selected death benefit value for payment to a beneficiary of an insurance policy calculating a second death benefit value. (Note abstract and column 1 lines 15-20 and

column 2 lines 20-65 and column 3 lines 5-15). Meyer also discloses maintaining a

database having a data structure representing a number of second death benefit values

owned by a number of clients, wherein number of second death benefit values comprise

a pool of cash assets, maintaining a database having a data structure representing a

number of guaranteed investment contracts values which are used to fund a future

obligation of a finance company, or a successor of the finance company; and

maintaining a database having a data structure representing an indenture agreement

which governs a right to receive future cash in-flows from the pool of cash assets. (See

column 13 lines 30-40). Meyer do not explicitly teach wherein the second death

benefit value is calculated based on a loan value added to an interest formula value,

wherein the interest formula value includes an outstanding loan value multiplied by a

selected interest rate percentage, adding the second death benefit value to the first

death value component to produce the total death benefit value, recalculating the

second death benefit component based on a number of subsequent loan values, such

that the total death benefit value gradually increases as the second death benefit value

increases. However Tyler discloses wherein the second death benefit value is

calculated based on a loan value added to an interest formula value, wherein the

interest formula value includes an outstanding loan value multiplied by a selected

interest rate percentage, adding the second death benefit value to the first death value

component to produce the total death benefit value, recalculating the second death

benefit component based on a number of subsequent loan values, such that the total

death benefit value gradually increases as the second death benefit value increases.

See column 5 lines 10-15 and column 38 lines 25-35 and column 77 lines 60-65 and column 78 lines 5-25 column 10-16 lines 5-65). It would have been to one of ordinary skill in the art at the time the invention was made to modify the teachings of Meyer to include Tyler in order to create a system to manage financial products and calculate a death benefit values, wherein the first death benefit value includes a selected death benefit value for payment to a beneficiary. The benefit would have been to pay benefits to a death a survivor.

As per claim 21. Meyer and Tyler do not explicitly teach the computer readable medium of claim 20, wherein the method further includes modeling a number of assets underpinning an asset backed securities transaction, wherein modeling the number of assets underpinning the asset backed security transaction includes:
performing a number of actuarial analyses for a number of components of the product; performing a guaranteed investment modeling analysis; and performing a financial model analysis, wherein performing a financial modeling analysis includes accounting for an expected yield over a number of sequential, durationally termed tranches. However modeling a number of assets using these functions is old and well known in the art. Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made that these functions are common in the art and the teachings of Meyer modify to include Tyler could have perform these functions. The benefit would have been to model a number of assets.

As per claim 22. Meyer and Tyler does not explicitly teach the computer readable medium of claim 21, wherein financial model analysis includes:

calculating a loan value cost, wherein calculating the loan value cost includes:

calculating a cost to sell the number of assets underpinning the ;asset backed security

transaction; calculating a cost to fund the future obligation of a finance company, or a

successor of the finance company; and calculating a cost for paying the expected yield

over the number of sequential durationally termed tranches, wherein the expected yield

is determined by the terms of the indenture agreement which governs the right to

receive future cash in-flows from the pool of cash assets subtracting the loan value cost

from the interest formula value. However performing financial model analysis and,

calculating a loan value cost wherein calculating the loan value cost is old and well

known in the art. Therefore it would have been obvious to one of ordinary skill in the

art at the time the invention was made that these functions are common in the art and

the teachings of Meyer modify to include Tyler could have perform these functions. The

benefit would have been to perform financial model analysis includes, which includes

calculating a loan value cost, wherein calculating the loan value cost.

As per claim 23. Meyer do not explicitly teach the computer readable medium of

claim 20, wherein the method further includes:

maintaining a database including a balance sheet data structure, wherein an asset side

of the balance sheet includes a data set of cash values in the insurance policy, and

wherein a liability side of the balance sheet includes the second death benefit value,

calculating an asset to liability ratio by comparing the asset side to the liability side,

maintaining a database having a status value for the insurance policy; and signaling a

triggering event when either the status value represents a mortality event or when the

asset to liability ratio is below a predetermined ratio. However Tyler discloeses

maintaining a database including a balance sheet data structure, wherein an asset side

of the balance sheet includes a data set of cash values in the insurance policy, and

wherein a liability side of the balance sheet includes the second death benefit value,

calculating an asset to liability ratio by comparing the asset side to the liability side,

maintaining a database having a status value for the insurance policy; and signaling a

triggering event when either the status value represents a mortality event or when the

asset to liability ratio is below a predetermined ratio. (See column 2-4 lines 5-65). It

would have been obvious to one of ordinary skill in the art at the time the invention was

made that the teachings of Meyer combined to include Tyler could have adapted in

order to perform these functions. The benefit would have been to determine changes in

assets values.

As per claim 24, Meyer do not explicitly teach the computer readable medium

of claim 23, wherein the method further includes directing an allocation of funds equal to

the second death benefit value at the mortality event, or equal to a value of the asset

side of the balance sheet data structure when the asset to liability ratio is below the

predetermined ratio, for payment of the outstanding loan value, and clearing the

balance sheet data structure to complete managing the financial product. However Tyler

discloses includes directing an allocation of funds equal to the second death benefit

value at the mortality event, or equal to a value of the asset side of the balance sheet

data structure when the asset to liability ratio is below the predetermined ratio, for

payment of the outstanding loan value, and clearing the balance sheet data structure to

complete managing the financial product. (See column 2-4 lines 5-65). It would have been obvious to one of ordinary skill in the art at the time the invention was made that the teaching of Meyer modify to include Tyler could have perform the functions of directing allocation of funds equal to the second death benefit value at the mortality event, or equal to a value of the asset side of the balance sheet data structure when the asset to liability ratio is below the predetermined ratio. The benefit would have been to allocate funds that match after comparing the asset side of the balance sheet data structure when the asset to liability ratio is below the predetermined ratio.

As per claim 25, Meyer discloses the computer readable medium of claim 20, wherein the method includes maintaining a database structure which tracks a number of terms of a finance agreement, and wherein the method includes:

tracking a number of future obligations according to the number of terms of the finance agreement, wherein the number of future obligations of the finance agreement include a payment of the loan value and subsequent loan values which are used for payment of premiums in the life insurance policy; and tracking a value of the interest rate formula. .(See column 13-14 lines 5-50).

Conclusion

3.　　The prior art of record and not relied upon is considered pertinent to Applicants disclosure.

Powers (US Patent 5,956,691) teaches dynamic policy illustration system.

Cooperstein (US 5,893,071 Patent) teaches annuity value software.

Lloyd (US Patent 4,878,648) teaches system and method for implementing and

administering a mortgage.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Clement B Graham whose telephone number is 703-305-1874. The examiner can normally be reached on 7am to 5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 703-308-0505. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-0040 for regular communications and 703-305-0040 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-305-3900.

CG
April 8, 2003

HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600